The Employee Benefits Committee (EBC) was presented with many challenges during the past year. There were budget shortfalls and health care challenges which consumed the majority of the committee’s meeting times. Among the issues reviewed were the following:

**Health Premiums**

2010 was the second year of a three year contract between the University and BlueCross BlueShield of Oklahoma (BCBS). The committee was presented with information from the University's independent consulting company, Segal Company, indicating the BCBS proposed renewal rates for the 2010 plan year were justified. OU received the following rate increases, totaling a 10.5% overall rate increase: BlueChoice PPO and BlueEdge HCA 9.4%, and BlueLincs HMO 13.2%. There was no guarantee in place for CommunityCare HMO which saw an increase of 12%. Dental benefits increased by 10%, the maximum allowed under the negotiated cap.

In May 2010, BCBS representatives presented the EBC with an overview of the state of OU's health plan and how it compares to the BCBS book of business. One area of concern identified was the pharmacy benefit. OU’s pharmacy costs are higher than other similar groups in the BCBS book of business even though we don’t use more prescription drugs. The driver is the high volume of brand name drugs when a generic is available. BCBS agreed to work with OU to explore potential savings in the future.

**Wellness**

The EBC continues to look at wellness as a method by which to decrease health care costs and encourage employee wellness. Since the full-time Wellness Coordinator was hired in early 2009, the program has grown exponentially. During the 2009-2010 academic year more than 2,000 employees received biometric health screenings. A Weight Watchers at Work group was started on all campuses and has realized great success; a total of 1 ton of weight lost as of May 2010.

**Budget Challenges**

Human Resources was asked to explore potential options for budget reductions in 2010. A number of options were contemplated by human resources such as voluntary reductions in FTE, unpaid leaves, phased retirement, early retirement, termination incentives, benefit reductions, and furloughs. Although no reductions were required at the time, it was decided that should the need arise in the future, health care is not the most reasonable or desirable place to cut back.

The committee recommended that if a reduction in benefits was required, it be done through the Defined Contribution Plans in an across the board manner for all plans. There were several caveats to this recommendation. These include: any reductions in compensation or benefits be used as a last resort assuming the University will explore all other feasible options first and the committee recommended the minimum reduction necessary. While waiting on further information on furloughs, it is possible that the recommendation could be different depending on the amount of budget shortfall and how long the situation is expected to last.

One committee member introduced the idea of budget reduction in the form of voluntary unpaid leave. Due to the lack of time this was discussed briefly along with voluntary reduction in FTE. There may be other ideas that could be discussed more fully in the future.
Retiree Medical Committee Report
The Retiree Medical Committee reached a consensus and issued a report to President Boren in early October 2009. The report was released to the entire OU community shortly afterward. To date there has been no decision from the President’s office.

Health Care Reform Legislation
The Benefits Office reviewed the new health care reform legislation to assess the impact on OU. Issues with immediate impact are dependent coverage through age 26 and changes in the Flexible Spending Account plan (FSA). Children up to the age of 26 will now be allowed to remain on the OU insurance plan regardless of student status or financial dependency. Over-the-counter drugs will not be reimbursable through FSA accounts beginning with January 2011.

Master Record Keeper
An RFP was issued and the Retirement Plans Management Committee is in the process of selecting the best possible company to administer OU’s retirement options. The goal is to re-structure the Defined Contribution Plan to meet the changing regulatory and market environments.

The record keeper firm will provide: online enrollment, combined statement for all investments, enhanced education, and streamlined customer service. All fees will be easily identifiable. The transition will consist of three phases: education, re-enrollment, and mapping. The goal for implementation is Spring 2011.